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News Release

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STATE EMPLOYEE PLEADS GUILTY TO THEFT OF \$1.7 MILLION

Claims Processors Stole from State Funded Health Program

Baltimore, MD (October 29, 2008) – Maryland Attorney General Douglas F. Gansler announced today that Donna McRae Lam, a former state employee, pled guilty to charges that she stole \$1,768,726 from the Department of Health and Mental Hygiene (DHMH). Lam's theft scheme, which lasted more than a decade, was run through the Department's Kidney Disease Program (KDP).

Following her guilty plea in Circuit Court for Baltimore City, the Honorable Sylvester B. Cox, Jr. convicted Lam, age 50, of Felony Theft. Sentencing is scheduled for February 11, 2008.

In its investigation, the State revealed that Lam began working for DHMH in January 1980. Thirteen years later, she moved into the KDP, a state-funded program that assists residents struggling to pay the extraordinary medical bills associated with end-stage kidney disease. In this position, she processed KDP patient enrollment information, insurance data, and provider services claims. These provider services claims were filed by physicians working in hospitals, pharmacies and dialysis centers. All sought compensation for the KDP services they provided.

In May 1997, Lam devised and executed a scheme to steal money from the Program. After adding fourteen fictitious providers to KDP's computer system, she filed a total of 917 fake claims for payment on their behalf. To collect the State checks that were subsequently issued, Lam and her husband, Wilson Lam, opened numerous bank accounts and post office boxes throughout Maryland in these providers' names. The Lams spent the stolen money on real estate, home improvements, motor vehicles, and gifts of money to some of Lam's family members.

Suspicious of the theft scheme were first raised by employees of First Mariner Bank who questioned the frequent ATM cash transactions from a business account in the name of "Donna M. Law d/b/a/ Long Point Medical Services." After the bank contacted State authorities, a full investigation was conducted and thirteen other fictitious providers were discovered.

“I want to thank First Mariner Bank and its CEO Ed Hale for detecting and then reporting suspicious activity,” said Attorney General Gansler. “The good work of the Bank and its employees enabled my Office and other agencies to unravel the full extent of Lam’s theft scheme and protect the State’s interests.”

This guilty plea was the result of a multiple-agency investigation performed by Maryland State Police, the DHMH Office of the Inspector General, and the Criminal Division of the Attorney General’s Office.

The Attorney General’s Office has also initiated civil proceedings against Donna and Wilson Lam in the Circuit Court of Baltimore County to recover the stolen funds.

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